

## **INTRODUCTION**

The Office of Internal Audit performed an audit of Tuscola County FIA for the period October 1, 1998 through January 28, 1999. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that Departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of Michigan Family Independence Agency ( FIA ) are being followed. Tuscola County FIA had 52 full time equated positions (FTE's) at the time of our review. Tuscola County FIA provided assistance to an average 3,132 recipients per month during FY 1998, with total assistance payments of \$3,718,759 during that year.

## **SCOPE**

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at Tuscola County FIA, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. We included the following systems.

Client Processing	CIS Input
Cash Disbursements	Cash Receipts
General Ledger	Accounts Receivable
Safe & Controlled Documents	IRS Information Security
Medical Transportation	ENP/SER Program
Phone Usage	Modified Accrual Balance Sheet
Food Stamps	

## **EXECUTIVE SUMMARY**

Based on our audit, we concluded that the Tuscola County FIA internal controls are generally adequate to provide management with reasonable assurance that assets are safe guarded and transactions are executed in accordance with management's authorization.

We did, however, find one instance of noncompliance with FIA policies and procedures and one weakness in internal controls, which are detailed below.

## **LOCAL OFFICE RESPONSE**

The management of Tuscola County FIA has reviewed all findings and recommendations included in this report. They indicated in a memorandum dated June 29, 1999 that they are in agreement with the report.

## **FINDING AND RECOMMENDATION - COMPLIANCE**

The following is an area where we found that Tuscola County FIA was not operating in accordance with FIA Policies and procedures that are described in manuals or instructional letters.

### **Sign-O-Meter Reconciliation**

1. Tuscola County FIA did not reconcile the Sign-O-Meter Record (FIA-4711) with the Check Register, as required by Accounting Manual Item 410.1. This reconciliation is necessary to ensure that no checks go through the check signer that are not accounted for in the accounting records.

WE RECOMMEND Tuscola County FIA reconcile the Sign-O-Meter Record with the Check Register.

## **RECOMMENDATION FOR IMPROVED INTERNAL CONTROL**

The following is an area where we have identified a control weakness at the Tuscola County FIA, and we are recommending a change in procedure to reduce the risk associated with the control weakness.

#### CIS Status Codes

2. The person responsible for reconciling the Transaction Control Listing (MA-010) at Tuscola County FIA had an FLM status code on the Client Information System (CIS). This status code would allow this individual to make changes to client cases with no independent review of the transactions.

WE RECOMMEND that Tuscola County FIA change the status of the person responsible for reconciling the MA-010 to inquiry only on CIS.